

8 March 2024

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By email: switchingconsultation@ea.govt.nz

Dear team

Re: Options to support consumer plan comparison and switching

Flick welcomes the opportunity to make this submission on the Electricity Authority's (Authority) options to support consumers in their efforts to compare electricity plans and switch retailers.

Flick supports the Authority's work in this area, especially if it increases retail competition and provides real long-term benefits for consumers.

The balance of our submission addresses some of the Authority's questions.

Issues and opportunities for consumer comparison and switching (Questions 1 & 2)

Q1. What are your views on the key issues around supporting consumers to compare and switch, and barriers for consumers? Are there others than those outlined above?

Flick supported the Authority's proposals to collect more information about retail plans and prices. Analysis of this new information could assist the Authority in developing policy options to support consumers' comparing pricing plans, including the information available to consumers from switching platforms.¹

As discussed in our submission on the retail data proposals, Flick is strongly of the view that it is time to modernise the way consumption data is stored in NZ by implementing a central registry – so that everyone has access to consumption data. Consumers having electronic access to their historic consumption data will substantially simplify any efforts to make plan comparisons.² This would eliminate all the challenges described in the

¹ For example, could all switching platform providers have a direct feed from the Authority's database on pricing plans so that retailers provide this information only once instead of multiple times to different parties?

² We understand consumer bills in the UK have a QR code that when read provides consumption data.

consultation paper at paragraph 4.40 and assist all plan comparison platforms in providing more accurate information to consumers.

In a workably competitive retail market, retailers should be incentivised to entice people to switch to them by offering a product that is attractive to that customer. Switching rates may be difficult to raise above current levels given the current state of retail competition. A more competitive retail market – measured using indicators other than switching - could realise higher benefits for consumers. Flick suggests the Authority must analyse barriers to retail competition in more detail and address those barriers with urgency.

Q2. Do you think we've identified the right opportunities leading us to review how we support comparison and switching? What opportunities do you consider most important?

Flick strongly agrees that "*Comparison information available to consumers needs to accurately reflect these new plans, so consumers can take advantage of their benefits and savings*"³ As discussed above, giving consumers direct access to their historic consumption data will enable consumers to start the comparison process easily, knowing their information is accurate without having to do anything.

Website related options (Questions 3 – 9)

Flick note the "Consumer NZ's Energy Survey 2023 indicated that 40% of households that had switched retailers in the past year had visited Powerswitch"⁴. This is despite the regulatory requirement (and regulatory funding) that every retailer 'advertise' Powerswitch on every bill. Other price comparison sites and other motivators for switching have influenced the decisions of the remaining 60% of households that switched. We query whether a deeper understanding is needed of these other motivators to switching to support the decisions the Authority is making.

We do not have a view about the website options discussed by the Authority. At this stage Flick supports the Authority funding 100% of the cost of Powerswitch because it is a 'regulated monopoly'.

Flick supports 100% Authority funding of an Authority endorsed comparison service but we are service provider agnostic. If there is an alternative service provider to Powerswitch who are better resourced and have better capability to keep pace with the changes we are seeing with retail tariffs / offers - and who give consumers a better, more accurate experience - we are supportive of a change.

³ Source: Paragraph 4.72 of consultation paper.

⁴ Source: Paragraph 4.3 of consultation paper.

In our view, Powerswitch is currently under-resourced (in terms of man-hours and capability) and under-funded for the service it provides. This has resulted in the website not keeping pace with tariff / offer changes in the market.⁵

Price comparison websites should not be a barrier to retail competition. This should be a competitive market. It is essential switching platforms, including Powerswitch, are able to:

- accurately present all types of retail plans – including time conditional plans. Time conditional plans are a recent example of pricing innovation – other options will follow as retailers identify and implement efficient pricing for the long-term benefit of their customers; and
- post information from retailers on new pricing within a reasonable timeframe (2-4 days is reasonable; 7 weeks is unreasonable).

All price comparison websites should meet basic conditions, such as turnaround times, accuracy and clarity of information. Brand recognition is only relevant when these basic standards are met.


The Authority could consider a Confidence Code approach as the UK does to guide the performance of switching platforms. This is especially relevant if the Authority decides to re-introduce widespread promotion of the benefits of switching.

Consumer choice support options (Question 10)

Flick believes offering a Best Plan feature is the right thing to do (and Flick does this), but it shouldn't have to be regulated. All retailers should be aiming to serve their customers with plans that are best for their household. This may look different for different retailers depending on their product mix, so a blanket rule may result in counterproductive outcomes.

Flick would welcome the opportunity to discuss any of the topics covered in this submission. Feel free to contact me. No part of this submission is confidential.

Yours



Pavan Vyas

Chief Executive Officer

⁵ We have discussed our experience of delays and methodology issues with the Authority. There also does not appear to be any cross-check or sense-check of the results of applying a standard methodology.